



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

|                         |             |                |                               |
|-------------------------|-------------|----------------|-------------------------------|
| <b>Bill #</b>           | HB0569      | <b>Title:</b>  | Generally revise nursery laws |
| <b>Primary Sponsor:</b> | Rice, Diane | <b>Status:</b> | As Introduced                 |

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

|  | <u>Difference</u> | <u>Difference</u> | <u>Difference</u> | <u>Difference</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Expenditures:</b>                   |                   |                   |                   |                   |
| General Fund                           | \$0               | \$0               | \$0               | \$0               |
| State Special Revenue                  | \$34,598          | \$34,598          | \$35,436          | \$36,295          |
| <b>Revenue:</b>                        |                   |                   |                   |                   |
| General Fund                           | (\$2,100)         | (\$2,100)         | (\$2,100)         | (\$2,100)         |
| State Special Revenue                  | \$37,210          | \$37,210          | \$37,210          | \$37,210          |
| <b>Net Impact-General Fund Balance</b> | (\$2,100)         | (\$2,100)         | (\$2,100)         | (\$2,100)         |

### Description of Fiscal Impact:

This bill increases the revenue to the nursery state special revenue account and decreases the revenue received from nursery civil penalties in the general fund.

## **FISCAL ANALYSIS**

### Assumptions:

#### **Department of Agriculture (AGR)**

1. In FY 2007, there are 1,097 nurseries in Montana, 669 currently pay a license fee of \$95 per year, 185 pay a fee of \$30 per year, and 243 pay no fee. It is assumed that the license fee will be set at the minimum allowed by the statute - \$95. The increased revenue to the nursery state special revenue account will be \$35,110 per year (185 nurseries x \$65 = \$12,025 + 243 nurseries x \$95 = \$23,085).
2. Civil penalties will be returned to the department for industry education, training, research, and development. The department assumes that it will issue 7 civil penalties per year. The average penalty is \$300. (7 x \$300 = \$2,100/yr). The dollars lost to the general fund are estimated at \$2,100 per year.
3. Dollars collected will cover charges from the Department of Revenue for One-Stop services of \$4.37 per license currently paid by the department (243 x \$4.37 = \$1,062/yr).

4. The AGR will conduct more inspections, and investigations which would increase personal services by \$14,400 per year and operating expenses by \$20,198 (including One-Stop noted in assumption #3) per year.
5. A 2.5% inflation has been applied to FY 2010 and FY 2011 expenditures, excluding the One-Stop charges.
6. Any revenue collected in excess of expenditures will be available in the nursery state special revenue account for future program costs.

|   | <b><u>FY 2008<br/>Difference</u></b> | <b><u>FY 2009<br/>Difference</u></b> | <b><u>FY 2010<br/>Difference</u></b> | <b><u>FY 2011<br/>Difference</u></b> |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b><u>Fiscal Impact:</u></b>  |                                      |                                      |                                      |                                      |
| <b><u>Expenditures:</u></b>   |                                      |                                      |                                      |                                      |
| Personal Services   | \$14,400                             | \$14,400                             | \$14,760                             | \$15,129                             |
| Operating Expenses  | \$20,198                             | \$20,198                             | \$20,676                             | \$21,166                             |
| <b>TOTAL Expenditures</b>   | <b>\$34,598</b>                      | <b>\$34,598</b>                      | <b>\$35,436</b>                      | <b>\$36,295</b>                      |
| <b><u>Funding of Expenditures:</u></b>  |                                      |                                      |                                      |                                      |
| State Special Revenue (02)  | \$34,598                             | \$34,598                             | \$35,436                             | \$36,295                             |
| <b><u>Revenues:</u></b>   |                                      |                                      |                                      |                                      |
| General Fund (01)   | (\$2,100)                            | (\$2,100)                            | (\$2,100)                            | (\$2,100)                            |
| State Special Revenue (02)  | \$37,210                             | \$37,210                             | \$37,210                             | \$37,210                             |
| <b>TOTAL Revenues</b>   | <b>\$35,110</b>                      | <b>\$35,110</b>                      | <b>\$35,110</b>                      | <b>\$35,110</b>                      |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b> |                                      |                                      |                                      |                                      |
| General Fund (01)   | (\$2,100)                            | (\$2,100)                            | (\$2,100)                            | (\$2,100)                            |
| State Special Revenue (02)  | \$2,612                              | \$2,612                              | \$1,774                              | \$915                                |

**Technical Notes:**

1. The bill proposes to add cut trees and their products to the definition of "Nursery Stock" in 80-7-105, MCA. The definition, however, goes on to say that certain plants and plant materials may not be considered nursery stock, which includes, in (e): states cut trees and products for processing. The department is unsure if the inclusion in the first part and the exclusion in the second part of the definition are in conflict since it is unclear if "cut trees and their products" and "cut trees and products for processing" mean the same thing or are intended to have different meanings. Rewording for clarity would be helpful.
2. Civil penalty revenues are to be deposited into the nursery account for education, training, research, and development 'by the nursery industry.' The department would like clarification of how the industry intends the funds to be managed. The wording could be changed to 'for the nursery industry' with the department offering education, training, research, and development with the civil penalties collected.

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Sponsor's Initials\_\_\_\_\_  
Date\_\_\_\_\_  
Budget Director's Initials\_\_\_\_\_  
Date